



ASX ANNOUNCEMENT – 13 August 2009

NEW McPHILLAMYS CORE RESULTS

NEWMONT EARNS 51% INTEREST IN THE ODEJV

- Four core holes have been completed at McPhillamys and results have been received for three holes.

NEWD001* 135 metres grading 1.00g/t gold from 41 metres
and 119 metres grading 0.91g/t gold from 225 metres

NEWD002* 299 metres grading 1.09g/t gold from 68 metres
including 207 metres grading 1.38g/t gold from 160 metres
and 30 metres grading 3.21g/t gold from 336 metres

NEWD003 184 metres grading 1.26g/t gold from 177 metres
including 91 metres grading 1.76g/t gold from 203 metres

NEWD003 New results

NEWD002* Previously reported

- Newmont have earned their initial interest of 51% in the Orange District Exploration Joint Venture (ODEJV) following expenditure of A\$5 million.
- Alkane and Newmont have agreed to extend the time for Newmont to elect to earn an additional 24% interest in the JV until 28 February 2010
- Exploration activities recommenced within the ODEJV in May. This A\$2.2 million dollar program includes the diamond core drilling at McPhillamys, RC and AC testing of regional targets as well as gravity and IP geophysical surveys.

Corporate Profile

Alkane Board

J. S. F. Dunlop (Chairman)

D. I. Chalmers (Managing Dir)

A. D. Lethlean

I. J. Gandel

I. R. Cornelius

L. A. Colless (Joint Secretary)

K. E. Brown (Joint Secretary)

Contact

Ian Chalmers

Managing Director

96 Parry Street

PERTH WA 6000

Telephone +61 8 9328 9411

Facsimile +61 8 9227 6011

Email ichalmers@alkane.com.au

Web – www.alkane.com.au

12 month share price
range

A\$0.515 - \$0.15

Market Cap 12 August 08

~A\$ 70 million

ASX Code: ALK

244.6 million shares (Dec 08)

August 2009 Cash

~\$7.0 million

No debt

Media Relations

Westbrook Communications

Level 1, 17 Castlereagh Street

SYDNEY NSW 2000

Telephone +61 2 9231 0922

Facsimile +61 2 9231 0131

Web – www.westbrookfin.com.au



Alkane Resources Ltd announced today that **Newmont Australia Limited (NAL)** has earned an initial 51% interest in the **Orange District Exploration Joint Venture (ODEJV)** after completing expenditure of A\$5 million. NAL is a subsidiary of the US based Newmont Mining Corporation. The ODEJV includes the **Molong** and **Moorilda** tenements located near the city of Orange in the Central West of New South Wales, adjacent to Newcrest Mining Ltd's Cadia Valley Operations.

Exploration in the last few years by the joint venture has focussed on the **McPhillamys** gold discovery which is located within the **Moorilda Project**, and centred about 35 kilometres south east of Orange. The Project of 175km² covers the structural boundary between the Ordovician aged andesitic volcanic and monzonitic intrusive complexes, and Silurian felsic volcanic and sedimentary sequences. At McPhillamys several AC, RC and core drilling programs have identified a large gold mineralised system which comprises a plus 0.5g/t gold mineralised envelope extending over a north south strike of at least 600 metres with widths up to 200 metres (figure 2). This mineralisation is hosted within the Silurian sequence by generally steep east-dipping, altered coarse grained felsic-intermediate volcanic and intrusive rocks, with variable sulphide content up to 10%. Structurally overlying the mineralised system to the east are unaltered fine-grained sediments with a package of intensely deformed intermediate volcanics flanking the system to the west.

Under the terms of the ODEJVA, on achieving the initial 51% interest, Newmont had to elect to proceed to earn an additional 24% interest in the tenements by carrying all expenditures to the completion of a Bankable Feasibility Study (BFS) or co-expend with Alkane in their respective interests of 51% - 49%.

Alkane and Newmont have agreed to extend the time for Newmont to make that election until 28 February 2010 to allow Newmont to complete the current exploration program. This program of approximately A\$2.2 million exploration expenditure commenced in May and is designed to further evaluate the main McPhillamys gold mineralisation and test near by regional targets. Newmont will not earn additional interest in the joint venture by this A\$2.2 million expenditure.

The program includes an initial 2,000 metres of core drilling, 2,000 metres of RC and 10,000 metres of AC drilling, several areas of induced polarisation (IP) surveys and a detailed gravity survey covering an area of approximately 10km by 7km (Figure 1). Newmont is the Manager of the JV and became Operator from 1 January 2009.

Four core holes at McPhillamys have been completed and a fifth has been scheduled. Results have been received for three holes (table 1). Holes NEWD001 (part) and NEWD002 were reported to the ASX on 23 July. The holes are spaced over a 250 metre strike length of the main zone at McPhillamys and were programmed to test the continuity and grade of the mineralisation between existing RC and deeper core holes. The results available have confirmed the extensive gold mineralisation and that there is vertical zonation within the system with grades and widths improving with depth.

These new results will form part of a geological block model that will assist to determine the resource potential of the McPhillamys mineralisation.

Further core and RC/AC results will be released as they become available.

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D I Chalmers, FAusIMM, FAIG, (director of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Chalmers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Table 1: Summary drill core results for McPhillamys Prospect @ 13 August 2009.

Hole No	East	North	RL (m)	Azimuth	Inclin	Intcpt (m)	Grade (g/t Au)	Interval (m)	EOH (m)	Comments
NEWD001	715865	6292100	968	270°	61°	135	1.00	41 – 176	410.7	
and						119	0.91	225 – 344		
NEWD002	715877	6292150	967	270°	56°	299	1.09	68 – 367	449.7	
incl						207	1.38	160 - 367		
and						30	3.21	337 - 367		
NEWD003	715900	6292250	962	270°	62°	184	1.27	177 – 361	475.2	
incl						91	1.76	203 – 294		

Gold analysis by 50g fire assay and base metals by ICP at generally 1 metre full core intervals for HQ core and 1 metre half core NQ core. True widths are about 65% of intersection.

BACKGROUND

Alkane is a multi commodity explorer and miner with its operations focussed in the **Central West of New South Wales**, centred about 400km northwest of Sydney. Over several years, including experience in developing the Peak Hill Gold Mine, Alkane has built a substantial resource base and is proceeding towards several developments:

The **Tomingley Gold Project** currently has a **840,000 ounce gold resource** within the **Wyoming and Caloma deposits**, (full details 2008 Annual Report). A feasibility study for the development of the project with potential 50,000 to 60,000 ounce per annum production is anticipated to be completed before the end of 2009.

The **Dubbo Zirconia Project** is based upon a world class resource of the metals zirconium, hafnium, niobium, tantalum, yttrium and rare earth elements. The deposit also contains significant uranium. Over several years Alkane has developed a flow sheet which can recover a variety of products which have expanding applications in electronics, ceramics, catalysts, special alloys and glasses, fuel cells, special batteries and permanent magnets, nuclear power and as environmental drying agents. Following a \$3.3 million Commercial Ready Grant from AusIndustry in 2006, the feasibility study was reactivated. The study includes the construction and operation of a Demonstration Pilot Plant, and a development commitment is anticipated mid 2010.

Near **Orange**, the Company has a joint venture (**ODEJV**) with Newmont, one of the world's largest gold miners, which resulted in the discovery in 2006 of a potentially significant gold deposit at **McPhillamys** within the **Moorilda Project**. This discovery includes intersections of **123 metres grading 1.96g/t gold** and **77 metres at 1.65g/t gold** within a 600 metre by 200 metre mineralised zone. Recent diamond drilling has confirmed the potential of the project to host a major gold system with an intersection in **KPD003 of 366 metres grading 1.85g/t gold**.

Elsewhere within the region, Alkane has defined a 2 million tonne 1.00% copper Indicated Resource (details 2005 Annual Report) which is being reviewed for its development potential at **Galwagdere** within the **Wellington Project**, and several other advanced exploration projects with encouraging drill intercepts. New exploration targets have been identified at several other locations.

In **Western Australia** the Company holds 5 million shares (6%) of listed iron ore explorer **BC Iron Limited** and a diluting 23% residual interest in a nickel sulphide joint venture with **Xstrata Nickel (Jubilee)** near **Leinster**.



